



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

SEP 28 2006

REPLY TO THE ATTENTION OF:

(AE-17J)

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Barry Smith, Environmental Engineer
Steel Dynamics, Inc.
4500 County Road 59
Butler, Indiana 46721

Re: Notice and Finding of Violation
Steel Dynamics, Inc., Butler, Indiana

Dear Mr. Smith:

This letter advises you that the United States Environmental Protection Agency (U.S. EPA) has determined that Steel Dynamic Inc.'s (SDI) facility at 4500 County Road 59, Butler, Indiana (facility), is violating the Clean Air Act (Act) and associated state pollution control requirements. A list of the requirements violated is provided below. I have enclosed the Notice and Finding of Violation (NOV/FOV) EPA is issuing for these violations.

The Act requires the development of Primary and Secondary National Ambient Air Quality Standards to protect public health and welfare. To attain and maintain these standards, each state is required to develop an implementation plan. In addition, EPA has established new source performance standards (NSPS), which are nationally uniform emission standards for new stationary sources falling within particular industrial categories. The "Standards of Performance for Steel Plants: Electric Arc Furnaces and Argon-Oxygen Decarburization Vessels Constructed After August 17, 1983," at 40 C.F.R. Part 60, Subpart AAa, the NSPS General Provisions at 40 C.F.R. Part 60, Subpart A, and the Indiana State Implementation Plan (SIP) include the following requirements:

- 1) Visible particulate emissions from stacks must not exceed three percent opacity as a six-minute average. The purpose of the visible particulate limit is to help protect the

public from unhealthy exposures to particulate matter. Particulate emissions, in particular fine particulate, contribute to respiratory problems, lung damage and premature deaths.

- 2) The owner or operator must submit a written report of exceedances of the control device opacity to the EPA Administrator semi-annually. These reports must include information on all 6-minute periods during which the average opacity is 3 percent or greater. This report allows the Administrator to determine whether the facility is in compliance with the Act, and to take appropriate actions to protect human health and the environment.
- 3) At all times, including periods of startup, shutdown, and malfunction, owners and operators must, to the extent practicable, maintain and operate any affected facility including associated air pollution control equipment in a manner consistent with good air pollution control practice for minimizing emissions. This requirement ensures that an owner or operator operates its affected facilities and control equipment in a manner that minimizes emissions and takes appropriate steps to reach compliance when it identifies excess emission conditions.

EPA finds that the SDI facility violated the above-listed NSPS requirements. These requirements are also incorporated into SDI's EAF Construction Permits, Nos. 033-3692-00043 and 033-8091-00043. SDI also violated the Indiana SIP at 326 Indiana Administrative Code (IAC) 2-2-3.

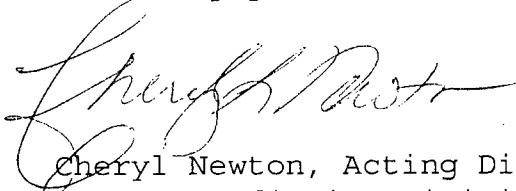
Section 113 of the Act gives us several enforcement options to resolve these violations, including: issuing an administrative compliance order, issuing an administrative penalty order, bringing a judicial civil action, and bringing a judicial criminal action. The option we select depends, in part, on the efforts taken by SDI to correct the alleged violations and the timeframe in which you can demonstrate and maintain continuous compliance with the requirements cited in the NOV/FOV.

Before we decide which enforcement option is appropriate, Section 113 of the Act provides you with the opportunity to request a conference with EPA about the violations alleged in the NOV/FOV. This conference will provide you a chance to present information on the identified violations, any efforts

present information on the identified violations, any efforts you have taken to comply, and the steps you will take to prevent future violations. Please plan for your facility's technical and management personnel to take part in these discussions. You may have an attorney represent you at this conference.

The EPA contact in this matter is Joseph Ulfing. You may call him at (312) 353-8205 if you wish to request a conference. You should make the request as soon as possible, but no later than 10 calendar days after you receive this letter. EPA hopes that this NOV/FOV will encourage SDI's compliance with the requirements of the Clean Air Act.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Cheryl Newton".

Cheryl Newton, Acting Director
Air and Radiation Division

Enclosure

cc: David McIver, Chief
Air Section
Indiana Department of Environmental Management

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5

IN THE MATTER OF:)
) EPA-5-06-30-IN
Steel Dynamics, Inc.)
Butler, Indiana) Proceeding under Section 113
) of the Clean Air Act,
) 42 U.S.C. § 4713
)

NOTICE AND FINDING OF VIOLATION

Steel Dynamics Inc. (you or SDI) owns and operates two electric arc furnaces (EAFs) at 4500 County Road 59, Butler, Indiana (facility). These EAFs, designated as #1 South and #2 North, are controlled by a single baghouse, with a single exhaust stack.

EPA is issuing this Notice and Finding of Violation (NOV/FOV) because emissions from EAFs #1 and #2 exceeded the limits specified in your construction permits and the underlying regulatory requirements of the permit conditions that apply to your facility. The underlying regulatory requirements include provisions of the Clean Air Act's (the Act) implementing regulations, the "Standards of Performance for Steel Plants: Electric Arc Furnaces and Argon-Oxygen Decarburization Vessels Constructed After August 17, 1983," at 40 C.F.R. Part 60, Subpart AAa, the NSPS General Provisions at 40 C.F.R. Part 60, Subpart A, and the Indiana State Implementation Plan (SIP).

Section 113 of the Act provides you with the opportunity to request a conference with EPA to discuss the violations alleged in the FOV/NOV. This conference will provide you a chance to present information on the identified violations, any efforts you have taken to comply, and the steps you will take to prevent future violations. Please plan for the facility's technical and management personnel to take part in these discussions. You may have an attorney represent you at this conference.

Explanation of Violations

1. The permit conditions, NSPS regulations, and Indiana SIP requirements relevant to this NOV/FOV are as follows:

- a. Operation Conditions 7, 9, and 26 in Construction Permit No. 033-3692-00043; Operation Condition 12 in Construction Permit No. 033-8091-00043; the NSPS at 40 C.F.R. § 60.272a(a)(2), and the Indiana SIP at 326 IAC 2-2-3, require that after the date of which the performance test required to be conducted by 40 C.F.R. § 60.8 is completed, no owner or operator may discharge into the atmosphere from an EAF any gases that exit from a control device at 3 percent opacity or greater.
 - b. Operation Condition 26 in Construction Permit No. 033-3692-00043; Operation Condition 40 in Construction Permit No. 033-8091-00043; the NSPS at 40 C.F.R. § 60.276a(b), and the Indiana SIP at 326 IAC 2-2-3, state that the owner or operator of an affected facility must submit a written report of exceedances of the control device opacity to the Administrator semi-annually, to include all 6-minute periods during which the average opacity is 3 percent or greater.
 - c. The NSPS General Provision, Subpart A, at 40 C.F.R. § 60.11(d), and the Indiana SIP at 326 IAC 2-2-3 require that at all times, including periods of startup, shutdown, and malfunction, owners and operators must, to the extent practicable, maintain and operate any affected facility including associated air pollution control equipment in a manner consistent with good air pollution control practice for minimizing emissions.
2. Based on an evaluation of the Semi-Annual Excess Emission Reports SDI has certified and submitted to EPA since 2003, EPA has determined that emissions from SDI's EAFs #1 and #2 violated the opacity emission limits of the facility's construction permits, the NSPS at Subparts A and AAa, and the Indiana SIP.
 3. Based on an evaluation of the Semi-Annual Excess Emission Reports SDI has certified and submitted to EPA since 2003, EPA has determined that these reports fail to include all 6-minute periods during which the average opacity is 3 percent or greater, in violation of the facility's construction permits, the NSPS at Subpart AAa, and the Indiana SIP.

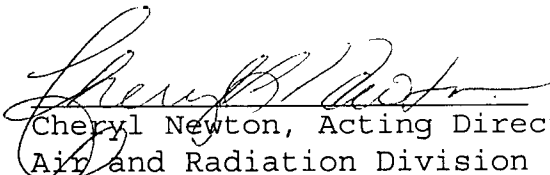
4. Based on an evaluation of the Semi-Annual Excess Emission Reports SDI has certified and submitted to EPA since 2003, EPA has determined that SDI has failed to maintain and operate an affected facility, including associated air pollution control equipment, in a manner consistent with good air pollution control practice for minimizing emissions. The semi-annual reports include situations where repeated opacity exceedances resulted from emissions from the same baghouse compartment, lengthy excess opacity events, and a downtime condition on June 23, 2005, resulting from tape covering the lens of the continuous opacity monitor. This violates the NSPS at Subpart AAa and the Indiana SIP.

Environmental Impact of Violations

5. Violation of the opacity standards increases public exposure to unhealthy particulate matter. Particulate matter, especially fine particulate, contributes to respiratory problems, lung damage and premature deaths.

Date

9/28/06


Cheryl Newton, Acting Director
Air and Radiation Division

CERTIFICATE OF MAILING

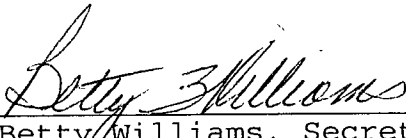
I, Betty Williams, certify that I sent a Finding of Violation, No. EPA-5-06-30-IN, by Certified Mail, Return Receipt Requested, to:

Barry Smith, Environmental Engineer
Steel Dynamics Inc.
4500 County Road 59
Butler, Indiana 46721

I also certify that I sent copies of the Finding of Violation by first class mail to:

David McIver, Chief
Office of Enforcement Air Section
Indiana Department of Environmental Management
100 North Senate Avenue, Room 1001
Indianapolis, Indiana 46206-6015

on the 28th day of September, 2006.



Betty Williams, Secretary
AECAS, (IL/IN)

CERTIFIED MAIL RECEIPT NUMBER: 7001 0320 0005 8920 2573